

## SECTION A<sup>1</sup>

### Organization, Accounting Practices, Markets and Merchandise

#### 1. Quantity and Value of Sales

Information on the quantity and value of sales is necessary to determine whether we will attempt to compare the prices of merchandise under investigation sold to the United States market to (a) the prices of comparable merchandise in your **home market**, (b) prices of comparable merchandise in a **third-country** market or (c) **constructed value**.<sup>2</sup> Refer to the term **viability** in the Glossary of Terms at Appendix I for a more complete discussion.

In this questionnaire we generally refer to the home market or third-country market selected for the calculation of normal value as the **foreign market**.

- a. State the total quantity and value of the merchandise under investigation that you sold during the **period of investigation** ("POI") in (or to):
  1. the United States,
  2. the home market, and
  3. if required, each of the three largest third-country markets.<sup>3</sup>

A chart for reporting the sales quantity and value is included at the end of this section.

Complete a combined chart for merchandise produced and sold by your company and its affiliates and, where appropriate, a separate chart for the merchandise of

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<sup>1</sup> Last updated October 9, 2002.

<sup>2</sup> Throughout this questionnaire, whenever we refer to the "products under investigation" or "merchandise under investigation," we are referring generally to all products within the scope of the investigation that your company sold during the period of investigation in any market. When we use the term **subject merchandise**, we are referring to products sold to the United States. When we use the term **foreign like product**, we are referring to products sold in your home market or exported to a country other than the United States. We have provided a description of the merchandise included in the investigation in Appendix III.

<sup>3</sup> If the Department has requested that you file your response to section A before your responses to sections B and C, in responding to this question, you may use the **date of sale** you use in your accounting system to determine the quantity and value sold during the period of investigation. However, the viability of your home and third country markets will ultimately be based on the date of sale used in your responses to sections B and C of this questionnaire. Accordingly, if you use the date of sale you employ in your accounting system to prepare section A, but expect to use a different date of sale in the preparation of sections B and C, and your section A response for home market sales is close to the threshold of five percent of U.S. sales, contact the official in charge.

each unaffiliated manufacturer whose merchandise under investigation you sold during the POI. Report the value of all sales in U.S. dollars and convert your quantity of sales to a uniform unit of measure. List the conversion rates used. To the extent possible, sales values should be reported based on the same terms of sale. For sales of merchandise further manufactured or consumed by affiliates in the United States, report the quantity and value (based on the prices you charge to your U.S. affiliate) of the product as imported into the United States, and not as the further processed product.

- b. Report separately the quantity and value of sales in the home market and, if necessary, to each of the three largest third countries, that were made to affiliates. Include only those sales that involved the purchase of the foreign like product by affiliates for consumption rather than resale.
- c. Exclude your sales to affiliated resellers. Report instead the resales by the affiliates to unaffiliated customers. However, if sales to all affiliated customers constitute less than five percent of your total sales in the home or third-country markets, or if you are unable to collect information on such resales, please notify the official in charge in writing.
- d. Report third-country market information in the chart only if the volume of home market sales of the foreign like product is less than five percent of the volume of United States sales of the subject merchandise. If the volume of your home market sales of the foreign like product is less than five percent of the volume of your sales to the United States of the subject merchandise (or if, for other reasons, you do not believe that your home market sales are usable as a basis for normal value), contact the official in charge because the Department, except in unusual situations, will not use your home market as the basis for calculating **normal value**. If home market sales are less than 5% of U.S. sales, you may present to the Department any special circumstances which might justify why your home market should be used as the basis for normal value.
- e. If your home market does not meet the five percent threshold described above, report the sales to each of the three largest (by volume) third-country markets (provided each meets the five percent threshold) in the chart and respond to each of the remaining questions in this section of the questionnaire by describing each of these three third-country markets. If the volume of your largest third-country market sales of the foreign like product is also less than five percent of the volume of your sales to the United States of the subject merchandise, do not report this market. If this is the case, you are required to respond to section D of this questionnaire.
- f. If there are special circumstances that you believe the Department should consider

in selecting a third-country market for determining normal value, please describe these circumstances (*e.g.*, similarity of merchandise, similarity of channels of distribution) for each of the three largest third-country markets. In addition, if you believe that the foreign like product sold in the three largest third-country markets is not appropriate for comparison to the subject merchandise, then also report any third-country sales for the market to which you sold merchandise that is best compared to the U.S. market. Describe the circumstances that makes that market appropriate for making comparisons.

- g. If you export merchandise for entry into a foreign trade zone ("FTZ"), into a bonded warehouse in the United States, or under a temporary import bond, this may affect the way we treat these sales. Please note whether your merchandise goes into a FTZ or a bonded warehouse and contact the official in charge to discuss the reporting requirements.
- h. By the date of the preliminary determination, provide a complete package of documents and worksheets demonstrating how you identified the sales you reported to the Department and reconciling the reported sales to the total sales listed in your general ledger. Include a copy of all computer programs used to separate the reported sales from your total sales and to calculate expenses.

## 2. Corporate Structure and Affiliations

The purpose of the questions concerning operational and legal structures and affiliations is to provide the Department with an understanding of your company and its role in the manufacture, sale and distribution of the merchandise under investigation. The Department requests information not only about your company but also about affiliates, because it may be necessary to use information gathered from affiliated parties to establish prices, selling and general expenses, and production costs. In responding to questions about **affiliated persons**, please refer to the definition provided in the Glossary of Terms at Appendix I. For the purposes of the following questions, a "person" includes any company, individual, or partnership.

- a. Provide an organization chart and description of your company's operating structure. Describe the general organization of the company and each of its operating units. For example, if your operations are structured by product or families of products, provide a description of each product group; if your operations are structured by function, provide a list of functional groups and the activities performed by each.

Although you may provide a general description of the structure of the company as a whole, it is particularly important that the description of those units involved in the development, manufacture, sale and distribution of the merchandise under

investigation be sufficiently detailed to provide the Department with a good working understanding of how these units function within the company.

- b. Provide a list of all the manufacturing plants, sales office locations, research and development facilities and administrative offices involved in the development, manufacture and sale of the merchandise under investigation operated by your company and its affiliates. Please briefly describe the purpose of each.
- c. Provide an organization chart and description of your company's legal structure. Include any parent companies or subsidiaries of your company and all other persons affiliated with your company, and provide a description of all such persons. Affiliated persons include, but are not limited to, the following:
  - i. Persons that own directly or indirectly 5% or more of your company's voting stock or shares. Describe any other business or operational relationships (*e.g.*, shared directors or managers) that your company has with any such person.
  - ii. Persons in which your company has 5% or more of the voting stock or shares, regardless of whether you consider them to be subsidiaries. Describe any other business or operational relationships (*e.g.*, shared directors or managers) that your company has with any such person.
  - iii. Persons with whom your company may be under "common control" by a third party. These should include all persons who have ownership in common with your company, even if you do not consider such ownership to be "controlling." For example, if your company is a subsidiary of another company, provide a list of other companies in which your parent company (or companies) owns 5% or more of the voting stock or shares. Describe any other business or operational relationships (*e.g.*, shared directors or managers) that your company has with any such person.
  - iv. All other persons who may be considered affiliates of your company. Include debt holders, close suppliers, partners in joint ventures, companies whose directors or officers include any director or officer of your company, and persons with whom your company has operational or close business ties. Also include any persons not already listed who control or are controlled by your company. "Control" exists where one person is legally or operationally in a position to exercise restraint or direction over another person.

Specify the percentage of ownership and cross-ownership among the persons listed in response to the above requests. Describe all aspects of the relationship between your company and each person you name, and

describe each person's role (if any) in the manufacturing, sale, and/or development of the product under investigation (including all inputs). If your company has a relationship with another person, but you are unsure whether it meets the Department's definition of "affiliated person," please describe your relationship with that person.

- d. If any of the affiliated persons you have identified above are in turn affiliated with other persons that are involved in the manufacturing, sale, and/or development of the product under investigation (including all inputs), please provide a list of those persons and describe the nature of the affiliation (*e.g.*, shared directors or managers, equity ownership, close supplier relationship). Include any such affiliated persons in the chart you provide in response to Question 2.c., above. Also describe the nature of each person's involvement with the product under investigation.
- e. Provide a list of your company's ten largest shareholders and the percentage of equity under each shareholder's control. If your company is a subsidiary of another company, list the ten largest shareholders of your parent company and the ten largest shareholders of the other subsidiaries of your parent company. If your parent company is itself a subsidiary of another company, list the ten largest shareholders of its parent company. Moreover, also list any shareholder(s) who owns, directly or indirectly, five percent of the voting stock of your company, parent company, or subsidiaries of your company or parent company. If any of this information is not available or you are unable to complete this request, please explain fully why it is not possible to answer this question.

### 3. Distribution Process

The description you provide of your distribution and sales processes (see also question 4 below) is intended to provide the Department with the information necessary to make appropriate comparisons of sales at the same **level of trade** or to make a **level of trade adjustment**, if appropriate, when sales are compared at different levels of trade. Therefore, the Department requires detailed information about your channels of distribution, the categories of customers to whom you sell, the selling activities or services associated with each channel of distribution and category of customer, and the level of selling expenses for each channel and category of customer. Your response to this section is required regardless of whether you believe differences in levels of trade exist. Your response should include all the information requested and all information the Department should consider in making a comparison.

- a. Provide a flow chart and description of each of your company's channels (or methods) of distribution in both the U.S. market and the foreign market. For example, for certain of your sales you may manufacture to order and ship directly

to customers; for other sales you may ship from inventory maintained in distribution warehouses; additional sales may be made through consignees; etc.

- b. Provide a list of the categories of customers (*e.g.*, distributor, wholesaler, retailer, end-user) that purchase through each channel of distribution. In the case of **constructed export price** transactions (*i.e.*, sales to unaffiliated U.S. customers through an affiliated U.S. importer<sup>4</sup>), describe both your affiliated U.S. importer(s) and your importer's unaffiliated customers.
- c. Provide a complete list of all the selling activities performed and services offered in the U.S. market and the foreign market. Selling activities or services might include inventory maintenance, technical advice, warranty services, freight and delivery arrangements, advertising, and any other sales support activities. Please specify which services are provided by your company and which are provided by an affiliate. Describe each activity or service in detail. Identify the expense field in which the expenses associated with each selling activity will be captured in your response to sections B and C.
- d. For each category of customer (see part 3.b. above) to which you sold in each channel of distribution (see part 3.a. above) (*i.e.*, for each combination of distribution channel and customer category), provide the information requested below.
  - ! From the list of selling activities and services you created in response to part 3.c. above, identify those activities or services performed. In the case of consignment sales, also describe any consignment arrangements and the activities of the consignee.
  - ! Indicate where and by whom each selling activity was performed on your reported sales.
  - ! Describe the degree to which each selling activity was performed on your reported sales.
  - ! If you had CEP sales, explain how each U.S. selling activity supported specific steps in your U.S. distribution system.

For constructed export price sales to the United States, if any, provide the information requested above for both your transactions with your affiliated importer and your U.S. affiliate's resales to unaffiliated U.S. customers.

- e. Explain whether the prices you charge for the subject merchandise in the U.S. market and the foreign like product in the foreign market vary depending on the channel of distribution through which you sell and/or the customer category to

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<sup>4</sup> Please refer to the Glossary of Terms at Appendix I for a more exact definition.

whom you sell. If so, please explain how prices vary and why.

- f. If you have made CEP sales to the United States and you claim that a CEP offset should be made in calculating normal value, the Department's **regulations** require the Department to examine price differences between levels of trade for sales in the foreign market of broader or different product lines. Under the antidumping regulations, the Department may grant a CEP offset only if it is unable to calculate a level of trade adjustment using such information (and if other requirements are met). Therefore, if you are claiming that a CEP offset should be made, then you must provide the information requested in 3.a through 3.d, above, with respect to other products your company sold in the foreign market, including any merchandise that is not a foreign like product. If you made sales of any merchandise at a level of trade similar to the level of trade of your CEP sales<sup>5</sup>, provide average price information for the products sold at that level of trade and either of the levels of trade at which the foreign like product was also sold. You may provide your response to this question with your response to section B of this questionnaire.

#### 4. Sales Process

The **date of sale** for your sales to the United States and the foreign market is important to the Department's analysis. It will determine which sales are reported in response to sections B and C of this questionnaire and the exchange rate used to convert normal value into U.S. dollars. Note, however, that the Department's criteria for determining date of sale may differ from those that you apply in the normal course of business. A description of the Department's criteria is included in the Glossary of Terms at Appendix I; please use these criteria in preparing your response to this questionnaire. If you have difficulty deciding which date to use as the date of sale, please contact the official in charge immediately.

- a. Describe the sales process for each method or channel of distribution described in response to question 3 above. Include a description of each step in the sales process.
- b. Explain how you determined the ultimate customer or market for the products sold through resellers. For these sales, explain whether you restrict the reseller's volume or geographic area for distribution. In addition, explain whether you provide customer lists to or make joint sales calls with the reseller, or provide

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<sup>5</sup> The level of trade for CEP sales is determined *net* of selling activities or services associated with economic activities performed in the United States in selling the subject merchandise to unaffiliated customers. In general, this means that the relevant level is the level of trade of your transactions with your affiliated U.S. reseller. Please refer to **constructed export price** and **level of trade** in the Glossary of Terms.

post-sales support or purchase incentives to the reseller's customers. Provide written sales contracts or sales terms with these resellers. In addition, indicate whether different packing is required for products sold for export or domestic consumption or whether documentation is required with respect to exported merchandise. Finally, explain whether you classify these sales as export or home market sales in your business records, and describe the criteria you use to classify sales.

- c. Describe your agreement(s) for sales in the United States and the foreign market (*e.g.*, long-term purchase contract, short-term purchase contract, purchase order, order confirmation). Provide a copy of each type of agreement and all sales-related documentation generated in the sales process (including the purchase order, internal and external order confirmation, invoice, and shipping and export documentation) for a sample sale in the foreign market and U.S. market during the POI.
- d. Describe the types of changes that occur after the initial agreement that affect the terms of the sale other than delivery dates.
- e. Provide the approximate percentage of sales of the merchandise under investigation in the United States market and the foreign market made pursuant to each type of agreement listed in response to question 4.c. above.
- f. Provide copies of all price lists used in sales of the merchandise under investigation to the United States and to the foreign market and identify the types of sales to which these price lists pertain. Include any **discount** or **rebate** schedules used with each price list.
- g. Describe your invoicing practice(s) for each channel of distribution described in response to question 3 above. Explain when invoices are issued in relation to when the merchandise is shipped. Also explain any circumstances under which you deviate from the usual practice and describe how often this occurs.

##### 5. Sales to Affiliated Persons ("Affiliates") in the Foreign Market

An affiliated customer is considered to have resold the foreign like product if the product sold by the affiliate is within the definition of the merchandise in Appendix III. This is the case whether the affiliate resold the product in the same condition as it was purchased or whether the affiliate processed the product before resale. The affiliated customer is considered to have "consumed" the foreign like product if the affiliate uses it in the production of merchandise which does not fall within the description of the merchandise provided in Appendix III.



- a. Provide a list of affiliates that purchased and resold the foreign like product in the foreign market. Also, please state the approximate percentage of your sales of the foreign like product in that market which were made through these affiliates.<sup>6</sup>
- b. Describe the services provided by each of the affiliated resellers. For example, explain whether the reseller acts as a sales agent ordering and reselling in the same lot sizes without taking physical possession of the merchandise or whether the reseller warehouses the merchandise and resells it in different lot sizes or in a further processed form of the foreign like product. In addition, explain whether the reseller provides warranties and technical or customer service, registration services, or arranges for transportation to the unaffiliated customer.
- c. Provide a list of affiliates that purchased the foreign like product for consumption in the foreign market or elsewhere. Explain your policy for establishing prices to such affiliates. Indicate the approximate percentage of sales of the foreign like product that were made to these affiliates.

6. Accounting/Financial Practices

A detailed understanding of your accounting and financial practices will help to ensure an accurate **verification**, and is necessary for the Department to analyze your reporting and allocation of expenses.

- a. Describe your company's accounting and financial reporting practices, including your normal corporate accounting period.
- b. Please provide the following financial documents for the two most recently completed fiscal years plus all subsequent monthly or quarterly statements: (1) chart of accounts; (2) audited, consolidated and unconsolidated financial statements (including any footnotes and auditor's opinion); (3) internal financial statements or profit and loss reports of any kind that are prepared and maintained in the normal course of business for the merchandise under investigation or, in the absence of such reports, for the product line that corresponds most closely to the definition of the merchandise under investigation, including those for the next largest and smallest categories of merchandise and for the next largest and smallest internal business unit producing or selling the merchandise under investigation; (4) financial statements or other relevant documents (*i.e.*, profit and loss reports) of all affiliates involved in the production or sale of the subject

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<sup>6</sup> If resales by affiliates are a small percentage of your total sales in the foreign market, or if you cannot collect information on such resales, please contact the official in charge. Where you report an affiliate's resales, your sales to the affiliated reseller should not be reported in section B.

merchandise in the foreign market and the U.S. market, of all affiliated suppliers to these affiliates, and of the parent(s) of these affiliates; (5) any financial statement or other financial report filed with the local or national government of the country in which your company is located.

- c. If in any month during the period of investigation the annual inflation rate in the foreign market was in excess of 25 percent, please contact the official in charge within two weeks of the receipt of this questionnaire. We may request that you respond to a modified questionnaire. (These instructions are provided to alert the Department to high inflation rates that might require adjustments to costs.)

7. Merchandise

The questions which follow relate to the merchandise under investigation sold in the United States and the foreign market.

- a. Provide a description of the types of merchandise under investigation produced or sold by your company. Include an explanation of the differences and similarities of the merchandise under investigation sold in the foreign market and that exported to the United States.
- b. Provide a key to your product codes assigned to the merchandise in the normal course of business, including an explanation of the full range of prefixes, suffixes, or other notations that identify special features. Explain whether identical products are listed under different product codes in the United States and the foreign market. If so, provide a list showing how identical products are identified by product codes for each market.
- c. Describe the parts, materials, specifications, applications, standards, and production processes employed in the production of the merchandise sold in the foreign market and sold in the United States. Include copies of the industry specifications or standards for each market. Explain other factors that differentiate the products under investigation sold by your company.
- d. Provide all catalogs and brochures issued by your firm and affiliates that include the merchandise under investigation sold by your firm in the United States and in the foreign market. If translating the foreign market catalogs and brochures is burdensome, contact the official in charge.
- e. If your merchandise is sold in the foreign market in different quantity units than in the United States, describe any conversion factors necessary to put the sales on the same basis.

- f. State whether you had any transactions involving merchandise samples in either your foreign market of the U.S. market. Describe the terms and circumstances of any such transactions.

8. Further Manufacture or Assembly in the United States

This section of the questionnaire concerns subject merchandise exported to the United States and changed in value or physical condition (“**further manufacture**”) prior to delivery to the first unaffiliated customer in the United States.

Provide the following information with respect to merchandise that is further manufactured or assembled in the United States by an affiliate or contractor.

- a. Provide a list and description of the products sold to unaffiliated customers during the POI that were produced from or incorporate subject merchandise. For each such product sold, identify the particular subject merchandise used to produce that final product.
- b. Provide the weighted-average net price for the period of investigation charged to the affiliated importer for each product included in the investigation that has been further manufactured and the weighted-average net price for the period of investigation charged the unaffiliated U.S. customers for each further manufactured final product. For each further manufactured product sold during the POI, list the product code and name of the subject merchandise included in that product, the net unit transfer price charged the affiliated importer, the amount of the subject merchandise consumed in the production of the further manufactured product, and the total value of the consumed subject merchandise (unit transfer price multiplied by the number of units consumed in production).<sup>7</sup>

9. Exports Through Intermediate Countries

If you are aware that any of the merchandise you sold to third countries was ultimately shipped to the United States, please contact the official in charge within two weeks of the receipt of this questionnaire.

10. Sales of Merchandise Under Investigation Supplied by an Unaffiliated Producer.

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<sup>7</sup> This question is designed to provide the Department with the information necessary to determine whether the value-added in the United States exceeds substantially the value of the subject merchandise that has been processed. You may provide this information in any format that supplies the appropriate information.

Please respond to this section of the questionnaire if neither your company nor an affiliate produced the merchandise under investigation that you sold either in the foreign market or to the United States.

- a. Provide the names, addresses and facsimile numbers of those companies that supplied you with the merchandise under investigation that your company or an affiliate sold to the United States or to the foreign market.
- b. State whether the supplier of the merchandise under investigation knew or had reason to know the ultimate destination of any merchandise purchased by your company at the time of sale. For example, did you request that the supplier ship the merchandise directly to the United States; was the destination apparent from the product codes or other markings; were there product characteristics or features typical of the United States market? Was there an explicit or implicit understanding giving permission to or responsibility for exporting to the United States, or restricting, discouraging, or prohibiting sales in the home market, the foreign market or elsewhere? Does the supplier have the right to review your sales records? Does the supplier provide after-sales service in the U.S., participate in U.S. sales calls or activities, provide sales incentives to your customers?

**FORMAT FOR REPORTING QUANTITY AND VALUE OF SALES**

Market	Period of Investigation	Unit of Measure	Total Quantity	Total Value in U.S. dollars
<u>United States</u> 1. Export Price  2. Constructed Export Price  3. Further Manufactured  Total				
<u>Home</u> 1. Affiliated 2. Unaffiliated Total				
<u>Third Country 1</u> 1. Affiliated 2. Unaffiliated Total				
<u>Third Country 2</u> 1. Affiliated 2. Unaffiliated Total				
<u>Third Country 3</u> 1. Affiliated 2. Unaffiliated Total				